



STATE OF ARKANSAS

Term Contract

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Vendor No. 100086984
Contact
Your reference SP-05-0388

TME INC
DBA TME CONSULTING ENGINEERS
5800 EVERGREEN DR STE A
LITTLE ROCK AR 72205-1757

Contract No. 4600008591
Date 06/28/2005

Contact Jenny Foshee
Telephone 501-324-9318
Fax 501-324-9311

Our ref. ST
Incoterms FOB
DESTINATION

Send Invoice To:
AS SPECIFIED ON AGENCY PURCHASE
ORDERS

Ship To:
Reference Plant
AR

Valid from: 07/01/2005
Valid to: 06/30/2008

AWARD BID NUMBER #SP-05-0388

COMMODITY: ENERGY MANAGEMENT - NATURAL GAS

THIS IS A TERM CONTRACT ISSUED BY THE OFFICE OF STATE PROCUREMENT. THIS IS NOT AUTHORITY TO SHIP. A SEPARATE PURCHASE ORDER WILL BE ISSUED. THIS CONTRACT CONSTITUTES ACCEPTANCE OF YOUR BID ALONG WITH ALL TERMS AND CONDITIONS THEREIN AND SIGNIFIES THE OFFERER'S KNOWLEDGE AND ACCEPTANCE OF ALL TERMS AND CONDITIONS SET FORTH WITHIN THE INVITATION FOR BID.

TYPE OF CONTRACT: TERM
CONTRACT PERIOD: JULY 1, 2005 THROUGH JUNE 30, 2008
WITH OPTION TO RENEW FOUR (4) ADDITIONAL TIMES IN ONE YEAR INCREMENTS OR A PORTION THEREOF.

VENDOR CONTACT: TIM STALEY 501-666-6776

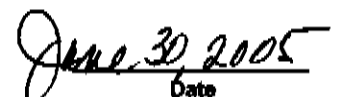
DISREGARD PRICE LINE BELOW. SEE ATTACHED

| Item | Material/Description | Target Qty | UM | Unit Price | Amount |
|------|---|------------|----------|------------|---------------|
| 0010 | 10123540 SERVICE,ENERGY MANAGEMENT,NATURAL GAS | 611,100.00 | Lump Sum | 1.00 | \$ 611,100.00 |

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

All purchasing rules and regulations defined by the State of Arkansas apply to this document.


Purchasing Official/Fiscal Officer


Date

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SECTION I GENERAL INFORMATION

1.0 INTRODUCTION:

This document represents an invitation for sealed proposals for the purchase and management of natural gas for certain state facilities in the State of Arkansas. All terms shall be in accordance with the requirements and provisions stated herein. This request is being issued by the Office of State Procurement (OSP) for the individual agencies per Attachment "A" and others as designated (hereinafter referred to as "agencies"). **This Contract is for the management of natural gas only. Vendor's responsibility does not include the identification of any natural gas savings through the conversion from a regulated procurement arrangement to a deregulated procurement arrangement. It will be the responsibility of the Vendor to sell their services to agencies currently not under a management program. Vendor shall be responsible for bidding the natural gas procurement in accordance with the Arkansas State Procurement Laws located on our website at www.arkansas.gov/dfa/procurement. The OSP will provide whatever assistance is required in reference to the State Procurement Law.**

1.1 HISTORY:

Attachment "A" is a history of purchases off the current contract for calendar year 2004. Although a good faith effort has been made to present reliable historical information for the bidders use, the State of Arkansas makes no guarantee regarding potential purchases on an awarded contract.

1.2 ISSUING AGENCY

The Office of State Procurement (OSP) issues this RFP for the Agencies per Attachment "A". The issuing office is the sole point of contact in the State for the selection process. Bidder's questions for both RFP related matters and technical information should be directed to the State's buyer, Jenny Foshee, at Jenny.Foshee@dfa.state.ar.us.

1.3 CAUTIONS TO BIDDERS

- A. During the time between the proposal opening and contract award, Bidders will not initiate contact with the issuing office or the requesting Agency concerning this RFP. Specifically, the person named herein will initiate all contact.
- B. Bidders are requested to respond to each numbered paragraph of the RFP stating first the paragraph number, the specification, and then the bidder's response.
- C. Bidders must submit signed original proposal on or before the date specified on page one of this RFP. The bidder must submit three (3) copies of the proposal, one (1) of which must be an electronic version, preferably in MS Word format, on CD or Floppy disk. **Do not include any pricing from the Official Proposal Price Sheet on the copies, including the CD or Floppy disk. Pricing from the Official Proposal Price Sheet must be separately sealed from the proposal response and clearly marked as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.** Failure to submit the required number of copies with the proposal may be cause for rejection. If the Office of State Procurement requests additional copies of the proposal, they must be delivered within twenty-four (24) hours. **Vendor is responsible for identifying and marking any and all materials that may be proprietary in nature.**
- D. For a proposal to be considered, an official authorized to bind the bidder to a resultant contract must have signed the original proposal that is submitted.
- E. All official documents and correspondence shall be included as part of the resultant contract.
- F. The State Procurement Official reserves the right to award a contract or reject a proposal received as a result of this RFP, if it is in the best interest of the State to do so. Proposals will be rejected for one or more reasons not limited to the following:
 - 1) Failure of the bidder to submit proposal(s) on or before the deadline established by the issuing office. (Section 1.14 Proposal Opening Date and Location)
 - 2) Failure of the bidder to respond to a requirement for oral/written clarification, presentation, or demonstration. (Section 1.11 Oral and/or Written Presentations/Demonstrations)

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- 3) Failure to provide the performance security. (Section 1.12 Performance Security)
- 4) Failure to supply bidder references. (Section 1.19 Bidder References)
- 5) Failure to sign the Official Proposal. (Section 1.4 D.)
- 6) Failure to complete the Official Proposal Price Sheet(s) and include them sealed separately from the rest of the proposal (Section 1.6 Sealed Prices).
- 7) Any wording by the bidder in their response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in this RFP.
- 8) Failure of any proposed services to meet or exceed the specifications as outlined in this RFP.

1.4 TERMS AND CONDITIONS OF PROPOSAL

- A. The term of the contract shall be for three (3) years. The contract may be mutually renewed for four (4) additional one (1) year terms or a portion thereof. In no event shall this contract remain in effect longer than seven (7) years from the effective date.
- B. All invoices shall be forwarded in duplicate to the:

Individual Agency Locations (Attachment "A")

- C. Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance by the Agency. The State may not be invoiced in advance of delivery and acceptance of any service. Payment will be made only after the bidder has successfully satisfied the Agency as to the reliability and effectiveness of each service as a whole.
- D. To be considered, bidders must include as part of their bid all of the provisions of the RFP. An official authorized to bind the bidder to the resultant contract must sign bids.
- E. The Director of State Procurement will not sign any documents that include terms or conditions other than those outlined in this RFP.
- F. The bidder shall at all times observe and comply with federal and state laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this contract which in any manner affect the completion of the work. The bidder and surety shall indemnify and save harmless the Agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the bidder.
- G. The bidder must maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Arkansas. Access will be granted upon request, to state or federal government entities or any of their duly authorized representatives.
- H. Financial and accounting records must be available, upon request, to the State of Arkansas' designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.
- I. Bidder shall maintain in full force and effect at its expense:
 - 1) Workers' compensation insurance sufficient to cover all of the employees of bidder working to fulfill this agreement.
 - 2) Casualty and liability insurance on the service performed and professional liability on its employees.
 - 3) Such policies shall be occurrence rather than claims-made and shall name the State of Arkansas as an additional insured. The insurance shall not contain any endorsements or any other form designed to limit or restrict any action by the State of Arkansas, as an additional insured, against the insurance coverage in regard to the work performed for Agency and otherwise consistent with this agreement as offered by the bidder.
- J. Bidder must disclose if they are currently involved in any legal proceedings or disputes with the State of Arkansas or any of the participating agencies.
- K. Bidder must disclose any outstanding claims and dollar value of claims against their past bonds.

1.5 RFP FORMAT

Any statement in this document that contains the word **"must"**, **"shall"** or **"will"** means that compliance with the intent of the statement is mandatory, and failure by the bidder to satisfy that intent will cause the proposal to be rejected. It is requested that bidders respond to each item or paragraph of the RFP in sequence. Items not needing a specific bidder

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statement may be responded to by concurrence or acknowledgment; no response will be interpreted as an affirmative response.

References to handbooks or other technical materials as part of a response must not constitute the entire response and must identify the specific page and paragraph being referenced.

1.6 SEALED PRICES

The Official Proposal Price Sheet submitted in response to this RFP must be submitted separately sealed from the proposal response. Bidders must include all pricing information on the Official Price Proposal Sheet only and must clearly mark said page(s) as pricing information.

1.7 PROPRIETARY INFORMATION

Proprietary information submitted in response to this RFP will be processed in accordance with applicable State of Arkansas procurement procedures. Proposals and documents pertaining to the RFP become the property of the state and shall be open to public inspection subsequent to proposal opening.

1.8 RESERVATION

This RFP does not commit the State Procurement Official to award a contract, to pay costs incurred in the preparation of a proposal in response to this request, or to procure or contract for services or supplies.

1.9 SCHEDULE OF EVENTS

| | |
|----------------|---|
| April 11, 2005 | Written questions are due |
| April 14, 2005 | Responses to written questions will be posted on OSP web site |
| April 20, 2005 | Proposals are due no later than 2:30 p.m. |

1.10 CLARIFICATION OF RFP AND QUESTIONS

If additional information is necessary to enable bidders to better interpret the information contained in the RFP, written questions will be accepted until the close of business on April 11, 2005. Bidder questions submitted in writing will be consolidated and responded to by the State. The consolidated written State response will be posted on the OSP website on or before the close of business on April 14, 2005. Answers to verbal questions may be given as a matter of courtesy and must be evaluated at bidder's risk. All questions should be sent to the OSP website under Clarification of RFP and Questions or emailed to Jenny.Foshee@dfa.state.ar.us.

1.11 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS

In the event that the Evaluation Committee deems it necessary to have the bidder further explain or demonstrate the proposed service, the Vendor shall make oral and/or written presentations and/or demonstrations to comply with the requirement. The RFP evaluation committee chairperson will schedule the time for each demonstration or presentation. All presentations are subject to be recorded. Based upon the results of a preliminary point evaluation, the Evaluation Committee shall determine if any bidders are required to provide demonstrations. All expenses associated with the demonstration will be borne by the bidder. Inability of the bidder to provide an acceptable demonstration will cause rejection of the proposal.

1.12 PERFORMANCE SECURITY

In order to assure full performance of all obligations imposed on a bidder by contracting with the State, the bidder will be required to provide a performance security in an amount of at least One Hundred Thousand dollars (\$100,000.00) within 10 working days from date of receipt of the State's written notification by mail of its intent to award a proposal. The form of security required shall be a performance bond such as is usually and customarily written and issued by surety companies licensed and authorized to do business in Arkansas or a cashier's/certified check. An irrevocable letter of credit from an Arkansas bank is also acceptable. The State Procurement Official shall award the contract upon acceptance of the performance security.

If a bidder fails to deliver the required performance security, the proposal shall be rejected and the contract shall be awarded to the provider of the next ranked proposal. In the event of a breach of contract, either through quality problems, late delivery, substitutions, non-performance, or other areas within the control of the bidder, the State Procurement Official will notify the bidder in writing of the default and may assess reasonable charges against the bidder's performance security. If, after notification of default, the bidder fails to remedy the State's damages within ten

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(10) working days, the State Procurement Official may initiate procedures for collection against the bidder's performance security.

In the event of default, and in order to achieve the greatest economy for the State, the State Procurement Official may choose the next highest ranked bidder, re-advertise for proposals, negotiate a purchase, or complete any other action consistent with the purchasing laws. The performance security will be released at the end of the contract period.

1.13 PRIME CONTRACTOR RESPONSIBILITY

- A. The selected bidder will be required to assume prime contractor responsibility for the contract and will be the sole point of contact.
- B. The Contract Administrator reserves the right to interview the key personnel assigned by the bidder to this project and to recommend and/or require reassignment of personnel deemed unsatisfactory by the department. Contract Administrator will be required to submit all such request to OSP prior to making any request to the bidder.
- C. The Contract Administrator reserves the right to approve subcontractors for this project and to require primary contractors to replace subcontractors who are found to be unacceptable. Contract Administrator will be required to submit all such request to OSP prior to making any request to the bidder.
- D. If any part of the work is to be subcontracted, responses to this RFP must include a list of subcontractors, including :
 - 1. firm name and address,
 - 2. contact person,
 - 3. complete description of work to be subcontracted, and
 - 4. descriptive information concerning subcontractor's organizational activities.
- E. The bidder shall give the Contract Administrator immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the bidder by any subcontractor or bidder which, in the opinion of the bidder, may result in litigation related in any way to the contract or the State.
- F. The selected bidder will be required to assume responsibility for all services obtained under contracts resulting from this RFP. It will be the responsibility of the bidder to verify completeness of each order, and its suitability to meet the needs of the Agency.

1.14 PROPOSAL OPENING DATE AND LOCATION

To be considered, proposals must be received prior to the time and date specified on page one of the RFP at the following address:

Dept. of Finance and Administration
Office of State Procurement
1509 West 7th Street, 3rd Floor
Little Rock, Arkansas 72203

Proposals shall be publicly opened and announced at that time, and become public information under the laws of the State of Arkansas.

1.15 AWARD RESPONSIBILITY

The State Procurement Official will be responsible for award and the Arkansas Building Authority will be responsible for administration of any resulting contract(s).

1.16 PUBLICITY

News releases pertaining to the RFP or the services, study, data, or project to which it relates will not be made without prior written approval of the State Procurement Director, and then only in accordance with the explicit written instructions from the Director. No results of the program are to be released without prior written approval from the State Procurement Director, and then only to persons designated.

1.17 INDEPENDENT PRICE DETERMINATION

By submission of his/her proposal, the bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal: the prices in the proposal have been arrived at independently, without collusion and that no prior information concerning these prices have been received from or given to a competitive company.

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If there is sufficient evidence of collusion to warrant consideration of this proposal by the Office of the Attorney General, all bidders should understand that this paragraph might be used as a basis for litigation.

1.18 CONFIDENTIALITY

The bidder shall be bound to confidentiality of any information that its employees may become aware of during the course of performance of contracted tasks. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the contract.

1.19 BIDDER REFERENCES: ATTACHMENT B

Bidders must supply with the proposal at least three (3) reference accounts (including company name, persons to contact, email addresses, and telephone numbers) in the United States with services as proposed under this RFP. The services must have been performed by the bidder for at least ninety (90) days. The State Procurement Official reserves the right to request or obtain additional information.

1.20 WARRANTY

The bidder must warrant that all services provided by the bidder in conjunction with this RFP will be performed:

- 1) At the level specified herein, and
- 2) In accordance with all bidders proposed features and functions.

Bidder shall, at his/her expense, remedy all such defects in performance.

1.21 COST

All charges must be included on the Official Proposal Price Sheets, must be valid for ninety (90) days following RFP opening, and shall be included in the costing evaluation. The Official Proposal Price Sheets must be separately sealed from the proposal. (See Section 1.6 Sealed Prices for further instructions.)

NOTE:

- 1) The State will not be obligated to pay any costs not identified on the Official Proposal Price Sheet.
- 2) Any cost not identified by the bidder but subsequently incurred in order to achieve successful operation will be borne by the bidder.
- 3) Official Proposal Price Sheets may be reproduced as needed.
- 4) The bidder must identify all taxes and fees included in the quoted rate and identify the taxes and fees not included in the quoted rate.

The Office of State Procurement reserves the right to audit the natural gas procurements.

1.22 CANCELLATION

In the event the State no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the State may cancel the contract or purchase order by giving the bidder written notice of such cancellation 30 days prior to the date of cancellation.

1.23 DELEGATION AND/OR ASSIGNMENT

The bidder shall not assign the contract in whole or in part or any payment arising there from without the prior written consent of the State Procurement Official. The bidder shall not delegate any duties under this contract to a subcontractor other than a subcontractor named in the proposal unless the State Procurement Official has given written consent to the delegation.

1.24 CONTRACT INFORMATION

Bidders should note the following regarding the State's contracting authority, and amend any documents accordingly. Failure to conform to these standards may result in rejection of proposal.

- 1) The State of Arkansas may not contract with another party:
 - a. To indemnify and defend that party for any liability and damages. However, the State Procurement Official may agree to hold the other party harmless from any loss or claim resulting directly from and attributable to the State's use or possession of equipment, software or services and reimburse that party for the loss

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caused solely by the State's use or possession (this is the only form of indemnification to which the State Procurement Official can agree).

- b. Upon default, to pay all sums to become due under a contract.
- c. To pay damages, legal expenses or other costs and expenses of any party.
- d. To continue a contract once the service has been terminated.
- e. To conduct litigation in a place other than Pulaski County, Arkansas.
- f. To agree to any provision of a contract which violates the laws or Constitution of the State of Arkansas.

2) A party wishing to contract with the State of Arkansas should:

- a. Include in its proposal that the laws of the State of Arkansas govern the contract.
- b. Acknowledge in its' proposal that contracts become effective when awarded by the State Procurement Official.

1.25 NEGOTIATIONS

As provided in this request for proposal and under regulations, discussions may be conducted with responsive and responsible bidders who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of bid response and negotiation for best and final offers.

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SECTION II SYSTEM REQUIREMENTS

2.0.0 SCOPE OF WORK:

The bidder shall competitively procure and manage natural gas from a qualified licensed supplier for certain state agencies within the State of Arkansas on a fixed fee basis. The Agencies (Attachment "A") will consist of state colleges, universities, correction facilities, and other entities as designations are determined. The commodity shall be procured in accordance with the State of Arkansas Procurement Laws located on our website at www.arkansas.gov/dfa/procurement. **This Contract is for the management of natural gas only. Vendor's responsibility does not include the identification of any natural gas savings through the conversion from a regulated procurement arrangement to a deregulated procurement arrangement. It will be the vendor's responsibility to sell their services to state agencies, colleges and universities currently not participating in a management program. The total management fee of all agencies currently under a management program along with the other cost/one time conversion fee for any new agencies, added in the future, will be the only cost evaluated.**

2.0.1 The bidder shall understand and agree that state agency sites may be added or deleted to the contract by way of a formal contract amendment authorized by the OSP. In the event any sites are added, the pricing for services extended to the additional sites shall be the same as in the current contract.

2.0.2 Participation of state agencies, colleges and universities under the procurement authority of the OSP is mandatory for this contract. However, the State of Arkansas does reserves the right to exempt any state agency, college or university from participating in this contract. Agencies seeking exemption from this contract should contact the Director, Office of State Procurement.

2.1.0 GENERAL PERFORMANCE REQUIREMENTS:

The bidder shall be responsible for identifying all supply side opportunities (including gas transportation). At the request of a state agency, the bidder shall be responsible for managing the conversions to transportation service when an opportunity is identified. The gas will be procured on a competitive basis from a qualified licensed natural gas supplier. In order to prevent a conflict of interest, the bidder must not be the owner of the natural gas. The bidder must explain in detail the benefits they can provide to the State through aggregate procurement of natural gas. All natural gas supply contracts will be between the state agencies and the natural gas supplier. The gas transportation will be on a firm contract service basis to avoid interruptions of service. Gas delivered and taken hereunder during any day shall be delivered and taken at as nearly a constant rate as operating conditions shall permit. The parties shall give each other as much notice as is practical in case they desire to materially increase or decrease the amount of gas they are delivering or taking for one day or more. Both the bidder and the state shall agree to immediately notify the other when such gas is not available for sale, or needed for purchase. Such notice shall be by telephone, and confirmed in writing within five (5) days. The gas sold/purchased hereunder shall be delivered and received at as uniform a daily rate as operationally feasible. So long as the state shall have requirements for gas, present or future, at its facility(s) during the term of the contract, and the bidder is able to supply the state's requirements, the state shall purchase gas only from the bidder. The state shall not be prohibited from arranging back-up or stand-by supplies of natural gas from other sources.

The Office of State Procurement reserves the right to audit the natural gas bidding process.

The delivery point(s) for gas sold hereunder shall be at mutually agreeable point(s) on the transporter's pipeline system and shall be set forth in the purchaser nomination notice, provided by the bidder, as amended by the state.

Title to all natural gas hereunder shall pass from the supplier to the state at the applicable delivery point(s), i.e. the local distribution company (hereinafter referred to as LDC).

The supplier shall be in exclusive control and possession of the gas and be responsible for any damage or injury caused thereby until it is delivered to the state, at which time the state shall be in exclusive control and possession of the gas and shall be responsible for any damage caused from that point in time. The supplier shall warrant that the title to all gas delivered to the state is free from liens and adverse claims and agrees to save the

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state harmless against all suits, debts, damages, costs and expenses arising from every claim of any person against said gas.

All gas shall be metered by a measuring device located on a master campus meter or at each specific agency building entrance. Pipeline and utility rules, guidelines, and policies, as may be changed from time to time, shall define and set forth, among other things, the unit of measurement specifications, quality, heating value, testing specifications, and delivery terms and specifications of the gas to be delivered to the state hereto. All such definitions, specifications, procedures and terms, and all other terms and provisions of the pipeline relating to the delivery of gas shall hereby be expressly incorporated into the agreement by reference, and shall be applicable to and binding upon the bidder and the state, and shall apply to all natural gas sold by the supplier to the state.

The parties understand and agree that transportation arrangements with one or more pipelines may be utilized to cause the physical delivery of the accounting period nominations from the delivery point(s) to the point of end use. If either party fails to deliver and/or receive the current accounting period nominations in accordance with requirement stated herein, the defaulting party shall be responsible for the transportation imbalance charge imposed by the transporting pipeline(s).

The bidder shall be responsible for nominating gas volumes for the state agencies. The state agency shall provide historical use information that will allow the bidder to make accurate nominations for the facility. It is the bidder's responsibility to clarify any use information supplied by the agencies.

Bidder must submit a detailed plan to facilitate a transition from the current gas management vendor to the proposed gas management vendor, along with the time frame anticipated to facilitate such a transition.

The bidder shall organize monthly nominations from each agency and submit them to both the pipeline and the LDC.

The bidder shall provide response to any mid-month change in requirements for any agency.

The bidder shall provide tracking of pipeline and utility imbalances and procedures to correct them.

The bidder shall reconcile statements showing consumption of each agency, where any pipeline and utility imbalances exist, all transportation and fuel charges, and summary of savings attributable to transportation of gas.

The bidder shall set up and provide transportation service on each pipeline serving the different agencies. The bidder shall prepare and submit a written report on a quarterly basis. The report shall document order history throughout the entire life of the contract, i.e., the initial contract period and all renewal options as exercised. This report shall be submitted at no charge to the Contract Administrator, referencing the contract number, time period, line items (as applicable), and consumption, cost and savings of each agency location.

2.2.0 PRICING:

The management fee must be on a **Fixed Fee** basis. The State of Arkansas will not entertain any other pricing options.

2.3.0 BIDDER PROFILE:

The bidder must supply the following information about your organization:

- 1) Business Name
- 2) Home office address
- 3) Nearest sale/support office address
- 4) Primary Contact Name,
- 5) Primary Contact Title,
- 6) Primary Contact Telephone,
- 7) Primary Contact Fax, and
- 8) Primary Contact E-mail address
- 9) Annual Financial Report
- 10) Number of years in business
- 11) Submit resumes for Primary Staff committed to this project.
- 12) Provide copy of State License.

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- 13) Submit proof of registration with the Arkansas Board of Professional Engineers and Land Surveyors for each individual engineer assigned to project.
- 14) Submit copy of Board issued Certificate of Authorization if applicable.

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OFFICIAL BID PRICE SHEET

| | |
|--|---------------------|
| Total Annual Management Fee (Attach List of Services Provided in Management Fee) | \$ <u>85,800.00</u> |
| One Time Conversion Fee for New Locations (Fee will include transportation cost and set up of locations not participating in a management program) | \$ <u>1,500.00</u> |
| Total Management Fee | \$ <u>87,300.00</u> |

NOTE: Awarded Vendor will be responsible for prorating billing fees for each location.

Locations with an * on Attachment A have gas procurement agreements only through Dec. 31, 2006 and Sept. 30, 2007. These locations are to be included in the management program July 1, 2005.



Scope of Services

Management Fee Services

1. Develop Request for Proposal (RFP) documents.
2. Conduct competitive bid process. Respond to all questions and clarifications on behalf of the client.
3. Investigate natural gas supply options. Investigations to include fixed price, index price, index price with a cap, nominations, balancing, imbalance penalties, full agency, invoice consolidation, and contract term.
4. Compile and tabulate all natural gas marketer responses to the RFP. Review, evaluate and make recommendations to the client on all pricing options.
5. Provide all natural gas account coordination between the local distribution companies, marketers, and the client.
6. Maintain up-to-date spreadsheet models to include monthly consumption, cost and unit cost.
7. Maintain an updated list of qualified natural gas marketers (# of customers, experience, financials, etc.)
8. Assist the client with the execution of all local distribution, pipeline transportation and natural gas supply contracts. Maintain copies of contract in each facility's contract file.
9. Assist the client with all utility negotiations pertaining to third party natural gas supply and attend meetings between the client and the utility on an as-needed basis.
10. Develop natural gas budgets for agencies on an annual basis, as requested.
11. Track natural gas budgets for each participating facility on a monthly basis.
12. On a monthly basis, throughout the management contract term, obtain the natural gas bills provided by the agency and review the billing to verify accuracy.
13. On a monthly basis, identify all billing problems that occur during the management contract term. Document problem specifics and method of action.
14. Throughout the management contract term, monitor the natural gas commodity pricing. Inform the Owner of all opportunities for taking advantage of low market conditions.
15. Throughout the management contract term, assist the client with all natural gas commodity contract extensions or renewals.
16. Throughout the management contract term, provide the client with a periodic assessment of their facilities Maximum Daily Quantity (MDQ). Adjust pipeline contract demand levels as necessary.
17. Throughout the management contract term, identify on-going rate savings opportunities for each state agency.
18. Throughout the management contract term, provide a periodic natural gas price risk assessment for each state agency.



Scope of Services

19. Quarterly, throughout the management contract term, provide a comprehensive report to each participating State agency detailing monthly and year-to-date cost.

Conversion Fee Services

Phase I: Feasibility Analysis

1. For every meter, obtain twelve (12) to twenty-four (24) months of natural gas bills. Natural gas bills are to be copies of actual bills, as received from the utility.
2. Compile the natural gas bills in a spreadsheet format. For each meter in each facility, calculate the annual consumption, annual cost, and average unit cost. For each meter in each facility, identify the meter account number, local distribution company, and the rate schedule.
3. Re-calculate the base year natural gas bills to verify the accuracy of the spreadsheet model, verify rate assumptions, and check for billing errors.
4. If applicable, obtain copies of existing natural gas contracts for each facility. Contracts to include any commodity, local distribution, and transportation contracts.
5. Compile and review all contracts, with recommendations to the client for contract execution.
6. Review all applicable rate schedules and identify the minimum qualifications for an unbundled pricing arrangement. Document the results of the investigation.
7. Investigate and evaluate aggregation and conjunctive billing.
8. Develop and submit a final report to the client for all preliminary findings. Report to include preliminary cost estimates and economic analyses for the identified projects.

Phase II: Detailed Analysis

1. For each facility, develop alternate models to calculate savings.
2. For each facility, assist the client with the determination of the Maximum Daily Quantity (MDQ) and contract demand.
3. Identify the natural gas interstate and intrastate pipelines that serve each natural gas utility.
4. Contact each natural gas interstate and intrastate pipeline to obtain rate schedules including compressor fuel charges, contract demand charges, overrun charges, available capacity, interruptible rates, and unauthorized overrun charges.
5. Conduct negotiations with multiple pipelines that serve single natural gas utilities. Investigate reduced rates, long term contracts, interruptible gas supply, etc.



Scope of Services

6. Investigate natural gas supply options for each transporting facility. Investigations to include fixed price, index price, index price with a cap, nominations, balancing, imbalance penalties, full agency, invoice consolidation, and contract term.
7. Assist the client with selecting the final natural gas supply options.
8. For the performed detailed analysis, develop and submit a final report to the client. The report to include a detailed cost estimate and economic analysis for each identified project. A final plan of action should also be included for implementation.

Phase III: Implementation

1. Assist the client in developing letters of intent to transport natural gas.
2. At each facility, provide all coordination services associated with the installation of the telemetering facilities. Each applicable state agency will pay for all associated telemetering charges.
3. Assist the client with utility negotiations regarding the conversion to transportation and attend meetings between the client and the utility on an as-needed basis. Document agenda, notes, and plan of action for each meeting.
4. Develop a list of qualified marketers and natural gas suppliers.
5. Develop request for proposal (RFP) documents. Documents to include annual consumption for each facility, points of delivery, all pricing options, all penalty options, contract terms, and response dates.
6. Issue RFP to all potential bidders. Respond to all questions, clarifications, etc.
7. Conduct competitive bid opening. Compile and tabulate all natural gas marketer responses to the RFP. Review, evaluate, and make recommendations to the client on all pricing options.
8. Provide all natural gas account coordination between the local distribution companies, marketers, and the client.
9. Assist the client in the selection of the natural gas commodity supplier. Provide official notification to all natural gas marketers involved in the competitive procurement process.
10. Assist the client with the execution of all commodity, local distribution, and transportation contracts.
11. Document and submit to the client the final results of the transportation election process in a final report. Address the actions necessary to maintain and manage the accounts in the final report. Review the following month's natural gas billing to verify accuracy.

STATE OF ARKANSAS
CONTRACT AWARD
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ATTACHMENT A - STATE OF ARKANSAS
Natural Gas Management Facilities 2004
FOR INFORMATION ONLY

| Facility | Local Utility | Jan. Usage (MMBtu) | Feb. Usage (MMBtu) | Mar. Usage (MMBtu) | Apr. Usage (MMBtu) | May Usage (MMBtu) | June Usage (MMBtu) | July Usage (MMBtu) | Aug. Usage (MMBtu) | Sept. Usage (MMBtu) | Oct. Usage (MMBtu) | Nov. Usage (MMBtu) | Dec. Usage (MMBtu) | Total Usage (MMBtu) |
|---|--------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| (Third-Party Transportation Accounts Only) | | | | | | | | | | | | | | |
| Alexander Human Development Center | CenterPoint Energy Arkla | 1,487 | 1,455 | 839 | 663 | 609 | 744 | 587 | 385 | 595 | 805 | 1,041 | 1,442 | 10,652 |
| Archadelphia Human Development Center | CenterPoint Energy Arkla | 2,953 | 2,861 | 1,679 | 1,039 | 821 | 551 | 541 | 528 | 561 | 667 | 1,769 | 2,950 | 16,721 |
| Arkansas Department of Community Connection - Texarkana Unit | CenterPoint Energy Arkla | 2,690 | 2,498 | 1,708 | 1,372 | 1,140 | 1,142 | 1,245 | 1,028 | 970 | 1,233 | 1,834 | 2,500 | 19,390 |
| Arkansas Department of Corrections - Benton Unit | CenterPoint Energy Arkla | 1,355 | 1,338 | 800 | 530 | 425 | 368 | 374 | 332 | 381 | 447 | 739 | 1,259 | 8,348 |
| Arkansas Department of Corrections - Cummins Unit | CenterPoint Energy Arkla | 12,727 | 11,877 | 8,611 | 7,644 | 6,703 | 6,052 | 6,951 | 7,022 | 7,149 | 7,460 | 9,029 | 12,796 | 104,021 |
| Arkansas Department of Corrections - Grimes Unit | CenterPoint Energy Arkla | 2,077 | 1,914 | 1,462 | 1,067 | 847 | 779 | 730 | 763 | 690 | 837 | 1,259 | 1,968 | 14,403 |
| Arkansas Department of Corrections - McPherson Unit | CenterPoint Energy Arkla | 3,260 | 3,417 | 2,384 | 1,536 | 1,314 | 1,318 | 832 | 859 | 922 | 1,119 | 1,328 | 2,619 | 20,908 |
| Arkansas Department of Corrections - North Central Unit | Arkansas Western Gas | 2,960 | 2,564 | 2,155 | 1,698 | 1,631 | 1,584 | 1,632 | 1,631 | 1,663 | 1,568 | 1,972 | 2,936 | 24,114 |
| Arkansas Department of Corrections - Pine Bluff Unit | CenterPoint Energy Arkla | 8,146 | 7,977 | 5,618 | 4,955 | 4,531 | 4,402 | 4,060 | 4,040 | 3,874 | 4,308 | 5,093 | 7,667 | 64,681 |
| Arkansas Department of Corrections - Tucker Unit | CenterPoint Energy Arkla | 10,937 | 11,317 | 9,421 | 6,409 | 5,978 | 5,325 | 5,156 | 4,669 | 5,123 | 6,326 | 8,234 | 10,662 | 89,577 |
| Arkansas Department of Corrections - Vanner Unit | CenterPoint Energy Arkla | 10,625 | 10,226 | 7,803 | 6,755 | 6,825 | 5,524 | 5,533 | 5,991 | 6,261 | 6,235 | 7,388 | 10,349 | 89,515 |
| Arkansas Department of Finance and Administration (Revenue Div) | CenterPoint Energy Arkla | 1,871 | 1,723 | 1,524 | 1,134 | 1,076 | 1,031 | 1,101 | 1,223 | 1,593 | 1,378 | 1,479 | 1,828 | 16,961 |
| Arkansas School for Mathematics, Science, and the Arts | CenterPoint Energy Arkla | 3,074 | 2,903 | 2,220 | 1,802 | 1,361 | 996 | 1,060 | 1,061 | 1,155 | 1,765 | 2,375 | 3,066 | 22,826 |

STATE OF ARKANSAS
CONTRACT AWARD
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| | | | | | | | | | | | | | |
|---|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| CenterPoint Energy Arkla | 4,897 | 4,804 | 2,995 | 1,454 | 706 | 394 | 231 | 272 | 338 | 836 | 2,091 | 4,377 | 23,195 |
| CenterPoint Energy Arkla | 14,497 | 13,560 | 5,852 | 3,225 | 1,452 | 1,144 | 1,001 | 1,033 | 1,030 | 2,095 | 6,079 | 13,092 | 64,060 |
| Arkansas State Military Department - Camp Robinson* | 7,239 | 8,681 | 2,501 | 1,062 | 456 | 445 | 247 | 333 | 487 | 586 | 2,616 | 6,977 | 29,950 |
| Arkansas State Military Department - Fort Chaffee | 13,625 | 13,187 | 8,321 | 6,197 | 4,929 | 4,247 | 4,126 | 4,350 | 4,330 | 5,659 | 9,360 | 13,520 | 92,051 |
| CenterPoint Energy Arkla | 3,468 | 3,431 | 1,499 | 770 | 318 | 237 | 232 | 235 | 228 | 388 | 1,596 | 3,160 | 15,562 |
| Boonville Human Development Center | 6,982 | 6,696 | 3,628 | 2,535 | 4,198 | 5,134 | 5,644 | 5,504 | 4,904 | 3,421 | 4,005 | 8,538 | 59,189 |
| Conway Human Development Center | 3,905 | 3,779 | 2,946 | 2,482 | 2,354 | 2,062 | 2,168 | 2,199 | 2,069 | 2,350 | 2,788 | 3,864 | 32,966 |
| Henderson State University | 8,246 | 7,854 | 5,117 | 4,099 | 3,002 | 2,811 | 2,657 | 2,536 | 2,633 | 2,797 | 5,578 | 7,503 | 54,833 |
| Hot Springs Rehabilitation Center | 1,646 | 1,591 | 930 | 635 | 463 | 381 | 367 | 434 | 442 | 560 | 1,010 | 1,710 | 10,189 |
| Jonesboro Human Development Center | 1,438 | 1,658 | 931 | 551 | 575 | 488 | 629 | 362 | 350 | 405 | 779 | 1,383 | 9,547 |
| Southeast Arkansas Human Development Center | 11,617 | 11,484 | 6,818 | 5,095 | 2,516 | 2,198 | 1,990 | 2,114 | 2,242 | 4,111 | 6,784 | 10,548 | 67,517 |
| University of Central Arkansas | | | | | | | | | | | | | |
| Ark. Dept. of Corrections - Wrightsville* | | | | | | | | | | | | | |
| Total State of Arkansas | 141,949 | 136,785 | 87,762 | 64,729 | 54,030 | 49,357 | 49,114 | 49,985 | 49,980 | 57,356 | 86,426 | 134,764 | 961,128 |

*Locations with gas procurement agreements only through Dec. 31, 2006 and Sept. 30, 2007. These locations will be included in the management program July 1, 2005.



STATE OF ARKANSAS

Term Contract

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Vendor No. 100086984
Contact
Your reference SP-05-0388

Contract No. 4600008591
Date 06/28/2005
Our reference ST

OUTLINE AGREEMENT AWARD TERMS AND CONDITIONS

1. **GENERAL:** All terms and conditions stated in the invitation for bid govern this contract.
2. **PRICES:** Prices are firm and not subject to escalation, unless otherwise specified in the invitation for bid.
3. **DISCOUNTS:** All cash discounts offered will be taken if earned.
4. **TAXES:** Most state agencies must pay state sales tax. Before billing, the contractor should contact the ordering agency to find out if that agency must pay sales tax. Itemize state sales tax when applicable on invoices.
5. **BRAND NAME REFERENCES:** The contractor guarantees that the commodity delivered is the same as specified in the bid.
6. **GUARANTY:** All items delivered are to be newly manufactured, in first- class condition, latest model and design, including, where applicable, containers suitable for shipment and storage unless otherwise indicated in the bid invitation. The contractor guarantees that everything furnished hereunder will be free from defects in design, workmanship, and material; that if sold by drawing, sample or specification, it will conform thereto and will serve the function for which furnished. The contractor further guarantees that if the items furnished hereunder are to be installed by the contractor, such items will function properly when installed. The contractor also guarantees that all applicable laws have been complied with relating to construction, packaging, labeling, and registration. The contractor's obligations under this paragraph shall survive for a period of one year from the date of delivery, unless otherwise specified in the invitation for bid.
7. **AWARD:** This contract award does not authorize shipment. Shipment against this contract is authorized by the receipt of a purchase order from the ordering agency. A written purchase order mailed or otherwise furnished to the contractor results in a binding obligation without further action by either party.
8. **DELIVERY:** The term of the contract is shown on the face of the contract award. The contractor is required to supply the state's needs during this term. The number of days required to place the commodity in the receiving agency's designated location under normal conditions is also shown. Consistent failure to meet delivery without a valid reason may cause removal from the bidders' list or suspension of eligibility for award.
9. **BACK ORDERS OR DELAY IN DELIVERY:** Back orders or failure to deliver within the time required may be default of the contract. The contractor must give written notice to the Office of State Procurement and ordering agency of the reason and the expected delivery date. If the reason is not acceptable, the contractor is in default. The Office of State Procurement has the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere.
10. **DELIVERY REQUIREMENTS:** No substitutions or cancellations are permitted without written approval of the Office of State Procurement. Delivery shall be made during agency work hours only, 8:00 a.m. to 4:30 p.m., unless prior approval for other delivery has been obtained from the agency. Packing memoranda shall be enclosed with each shipment.
11. **STORAGE:** The ordering agency is responsible for storage if the contractor delivers within the time required and the agency cannot accept delivery.

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

All purchasing rules and regulations defined by the State of Arkansas apply to this document.



STATE OF ARKANSAS

Term Contract

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3/3

Vendor No. 100086984
Contact
Your reference SP-05-0388

Contract No. 4600008591
Date 06/28/2005
Our reference ST

12.DEFAULT: All commodities furnished will be subject to inspection and acceptance of the ordering agency after delivery. Default in promised delivery or failure to meet specifications authorizes the Office of State Procurement to cancel this contract or any portion of same and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting contractor.

13.VARIATION IN QUANTITY: The state assumes no liability for commodities produced, processed or shipped in excess of the amount specified herein.

14.INVOICING: The contractor shall submit an original and two copies of an itemized invoice showing the bid number and purchase request number when itemized in the invitation for bid. Invoices must be sent to "Invoice to" point shown on the purchase order.

15.STATE PROPERTY: Any specifications, drawing, technical information, dies, cuts, negatives, positives, data or any other commodity furnished to the contractor hereunder or in contemplation hereof or developed by the contractor for the use hereunder shall remain property of the state, be kept confidential, be used only as expressly authorized, and be returned at the contractor's expense to the F.O.B. point, properly identifying what is being returned.

16.ASSIGNMENT: This contract is not assignable nor the duties hereunder delegable by either party without the written consent of the other party to the contract.

17.OTHER REMEDIES: In addition to the remedies outlined herein, the contractor and the state have the right to pursue any other remedy permitted by law or in equity.

18.LACK OF FUNDS: The state may cancel this contract to the extent funds are no longer legally available for expenditures under this contract. Any delivered but unpaid for goods will be returned in normal condition to the contractor by the state. If the state is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, the contractor may file a claim with the Arkansas Claims Commission. If the contractor has provided services and there are no longer funds legally available to pay for the services, the contractor may file a claim.

19.QUANTITIES: The state may order more or less than the estimated quantity in the invitation for bid.

20.DISCLOSURE: Failure to make any disclosure required by the Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

All purchasing rules and regulations defined by the State of Arkansas apply to this document.